

India's Persian Problems

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Introduction

Either by design or sheer coincidence, Iran has emerged as the most hotly contested and controversial aspect of India's foreign policy. It has come under closer scrutiny and criticisms from a host of domestic and international quarters. Evolving a national consensus on Iran is becoming increasingly difficult for India, partly due to the behavior of Iran and partly due to India's own mishandling. It is however, undeniable that Iran has become a daunting challenge for India's foreign policy priorities. First and foremost, Iran issue has highlighted and even accentuated the non-parallel aspects of Indian foreign policy.

Non-Parallel Interests

Ideally India would have treated its relations with Iran as a bilateral affair that has no bearing upon its relations with any third country. In such a situation there is no need for it to choose between Iran and its adversaries. In a true non-aligned fashion it could deal with everyone, Iran, its friends and its enemies. Unfortunately for India, Iran is not an ordinary country. Its historic legacy since the Islamic revolution, geo-strategic importance as a regional power and periodic radical rhetoric, have made Iran an important but controversial player in the Middle East. Its foreign policy choices since 1979 have been controversial and at times Iran is also a difficult customer. As a result, it is not easy for any country, let alone India, to move closer to Iran without raising eyebrows in the Middle East and concerns in other parts of the world.

Thus India has not succeeded in maintaining its ties with Iran as a bilateral agenda. While some countries are more vocal in expressing their concerns over India's bonhomie towards Iran, others have been subtle and discreet. Since the early 1990s Israel, for example, has been hyper about the Indo-Iranian ties and have often expressed its concerns. During the September 2003 visit of Prime Minister Ariel Sharon, it even expressed apprehensions over its military technology reaching Iran through India.^[1]

Likewise the U.S. administration has been vocal in airing its displeasure. Senior aides of President George W Bush as well as Senate and Congressional leaders have periodically expressed their fears and trepidations over the Indo-Iranian ties.^[2] The American concerns over India's closer ties with Iran have coincided with significant improvements in Indo-U.S. relations and the civilian nuclear deal of July 2005.

The American influence upon Indian policy on Iran manifested in two distinct ways. On the issue of Iran's nuclear ambitions, India joined the mainstream and sided with the United States. Despite past pro-Iranian sentiments and statements, India's voting pattern at the International Atomic

Energy Agency (IAEA) exhibited its willingness to accommodate, if not comply with, American demands. The two crucial votes in September 2005 and February 2006 reflected the general skepticism in the nuclear watchdog about the Iranian version of the nuclear saga. The manner in which India handled the vote and its subsequent explanations, however, gave away the American angle. In September for example, it voted with the United States but pretended it was siding with Iran.[3]

Another issue concerning the United States is the Iran-Pakistan-India gas that New Delhi is keen to pursue. Under the plans, the latter would acquire about 32 billion cubic meters of natural gas annually.[4] Such a strategic energy investment, Washington fears, would result in India moving even closer to Tehran. While it is not opposed to India securing its energy needs from Iran, it is apprehensive of India's strategic pipeline partnership with Iran. Periodic public and private warnings from the United States are accompanied by hints of possible punitive measures should India go ahead with the project. Some American officials have explicitly warned India of the provisions of the Iran-Libya Sanctions Act (ILSA) of 1996[5] that explicitly warrants American sanctions should annual investment in the Iranian energy sector exceeds US\$20 million.[6]

Having withstood the sanctions following the 1998 nuclear tests, India could easily manage another round of similar and even harsher measures. However, there is an interesting catch. In 1998 it sought international recognition and opted for weaponization of its nuclear program. A decade later, it seeks to consolidate its international status by forging closer ties with Washington. There are signs that it seeks to entice other countries through the nuclear cooperation arrangement with the United States. Even if it could withstand American sanctions over Iran, it would be politically costlier for India.

Hence, India would have to be extra careful about managing its conflicting interests over Iran. It does not have 'balance' its foreign policy while dealing with other countries. The balancing act that was visible in the early 1990s following normalization of relations with Israel, for example, subsequently gave way to more confident approach towards the Jewish State. The reluctance of Prime Minister Manmohan Singh to attend the summit meeting of the Shanghai Cooperation Organization (SCO) in June 2006 for example, was linked to Iran. When the Iranian leader was making controversial statements about the Holocaust and was belligerent over the nuclear issue, Singh was not prepared for a photo opportunity with President Mahmoud Ahmadinejad.[7] Likewise, in February 2007 India remained cool to an Iranian suggestion for a tripartite summit meeting to sort out the problems facing Iran-Pakistan-India pipeline.[8]

Nuclear Genie

Controversy surrounding Iranian nuclear program pose a serious moral dilemma for India. At one level, some of the arguments of Iran regarding the peaceful uses of nuclear energy are not different from the long-held Indian positions on the subject. For decades, Indian leaders and analysts have argued that the greatest drawback of the non-proliferation regime has been its failure to ensure the dissemination of the peaceful uses of nuclear energy. While asking the signatories to abandon the weaponization process, they argued, the NPT is committed to ensuring access to peaceful uses of nuclear energy. In stead the non-proliferation regime, India argued in the past, has consolidated the nuclear monopoly enjoyed by the permanent five member of the Security Council or the P5. Hence, opposing Iran's right to pursue peaceful use nuclear energy is an untenable option for India. Emphasis on NPT also exposed another problem for India. Prior to the nuclear tests, the Indian strategic community has vilified the non-proliferation regime as nuclear apartheid of haves and have nots. Now for India to ask Iran to adhere to a treaty that New Delhi viewed as a sign of institutionalized nuclear segregation sounds hallow.

Even on the question of possible weaponization by Iran, New Delhi is vulnerable. If national security considerations compelled India to exercise the nuclear option in 1998, it could not counsel Iran not to take that path. Such an advice would be politically untenable and morally hypocritical. One could go the extent of arguing that thanks to India (followed quickly by Pakistan) the strategic environment of Iran has been nuclearized.[9]

At the same time, India prided itself as a champion of non-proliferation and does not subscribe to the more-the-merrier approach regarding nuclear weapons. Proliferation activities of Pakistan and China figure prominently in its strategic discourse. Even if it did not articulate its security concerns in public, India does not view a nuclear Iran in favorable light and sees it as a threat to its regional security.[10] While opposing to Iran going nuclear, India is not able to formulate a politico-diplomatic strategy that could prevent such an eventuality. Nor does it visualize let alone endorse any military option against Iran.

As a result, the Indian stand on Iran's nuclear ambitions is confined to technical aspects. As a voluntary party to the non-proliferation arrangement Iran should, Indian leaders argue, adhere to its undertakings to the NPT and safeguard arrangements with the IAEA. Resolving the problem within the IAEA becomes the favorite Indian mantra.

Growing Isolation of Iran

Furthermore, on the nuclear issue Iran is increasingly facing international isolation which in turn has a dilapidating effect on India. This became more obvious in the dwindling support for Iran at the IAEA. In September 2005 when the nuclear watchdog declared Tehran to be non-compliant of its obligations 13 out of 35 members voted with Iran or abstained. This number dwindled to eight in February 2006 when the IAEA voted to refer the Iran file to the UN Security Council. Only Cuba, Syria and Venezuela voted against the majority decision. During the first vote China and Russia, considered to be friends of Iran abstained but both voted with the majority during the second vote.

The situation at the Security Council equally signaled increasing international skepticism about the peaceful nature of the Iranian nuclear program. The sanctions imposed by the Council in December 2006[11], March 2007[12] and March 2008[13] were milder. They fell well short of original American demands and expectations. But they conveyed a subtle and firm message to Tehran, namely unanimity of the Council. In the first two votes, Qatar's Iran's neighbor and only Arab country on the council sided with the majority to deliver a 15-0 message to Tehran. On the third vote, Indonesia, only Islamic country on the Council chose to abstain.

India's non-membership in the UN Security Council makes life easier. It does not have to make a choice in deciding Iranian compliance of its international obligations or to recommend punitive measures. At the same time, it could not ignore the prevailing mood among the great powers and after some initial dithering it began to enforce the UN sanctions against Iran. In a notification issued in February 2007 the Director-General of Foreign Trade stated:

Direct or indirect export and import of all items, materials, equipment, goods and technology which could contribute to Iran's [nuclear fuel] enrichment-related, reprocessing or heavy water related activities, or to the development of nuclear weapon delivery systems, as mentioned below whether or not originating in Iran, to/from Iran is prohibited.[14]

Interestingly this came just days after Foreign Minister Pranab Kumar Mukherjee made an official visit to Iran during which he also met President Ahmadinejad.

Indeed, India's behavior on Iran is quiet contrast to its stand on other countries that are isolated by the west. Its energy-driven foreign policy calculations vis-à-vis Myanmar and Sudan have also come under international scrutiny and even milder criticisms. Its investments in the Sudanese

energy sector coincided with the civil war situation which resulted in the departure of the western oil companies. Increased Indian investments in upstream activities in Sudan occurred when there are growing international concerns over the Darfur crisis. One notices similar trend in India's policy towards Myanmar. Search for energy security compelled India to discard its earlier reservations about the human rights situation in Myanmar and to engage with the military junta. Indeed, in September 2007 two Indian cabinet ministers visited Rangoon within days after Buddhist monks launched their protest against the junta.[15]

Unlike these two cases, India's behavior on Iran was conditioned by growing international opposition, especially in the IAEA and Security Council. Periodic American warning of a military option against Iran exasperated the situation further. India also found Iran to be a problematic customer. Myanmar and Sudan reciprocated India's energy-related interests and investments in their country. Iran on the contrary has proved to be a difficult partner, especially on the question of prices. With the result, India is more amenable to international views on Iran than on the human rights situation in Myanmar and Sudan.

Impediments to Better Ties with the United States

Whether India likes or not, Iran is a major pre-occupation in Washington and growing focus on Iran would hamper India's ability to pursue closer ties with the United States. Any significant improvement in Indo-U.S. relations rests on New Delhi making adjustments and modifications in its Iran policy. It cannot seek special friendship status in Washington while cozying up to Tehran. Unlike their Indian counterparts, American officials have been more vocal and explicit about the linkage. The manner in which India voted in the IAEA at the very last minute is a clear indication that improvements in the Indo-U.S. ties, especially nuclear cooperation, rested heavily on India making categorical stand against Iran. Though it did not go down well internally, the Indian government justified its position by arguing that the emergence of another nuclear power in 'the immediate neighborhood' would not serve Indian interest.[16] The continued delays in the Iran-Pakistan-India pipeline project could also be partly linked to the U.S. factor.

India is partly responsible for this situation as it failed to read the signals correctly and anticipate certain developments. In seeking closer political ties with Washington and enhanced energy cooperation with Tehran, it did not factor in the tension between the latter two countries. India pretended that Iran-U.S. problems are bilateral and would not affect its desire for closer ties with both. It naively hoped that it could obtain civilian nuclear technology from the United States and energy security from Iran without having to make any far reaching compromises.

On a few occasions the United States publicly indicated that improvements in the Indo-U.S. relations are conditional on India tangibly distancing itself from Iran. Even the IAEA votes proved insufficient to placard Washington's concerns. The pipeline and LNG deals have come under greater scrutiny and opposition from the United States. Even normal visit and participation in Iranian defence personal in various training programs in India draw American attention and criticisms.[17] The United States also expressed its displeasure when New Delhi decided to rollout the red carpet for President Ahmadinejad in early 2008.[18]

There is a tendency in India to underestimate the importance of the Iran-related American sanctions. The failure of the U.S. administration in preventing its European allies and China are prominent in Indian discourses. There are voices that India could easily tide over any American sanctions. In the words of one former Indian diplomat, the European Union is vehemently opposed to the sanctions and since it came into force in 1996, "Iran has attracted more than US\$30 billion in foreign investments in its energy sector." If a host of oil companies such as Total (France), ENI (Italy), Petronas (Malaysia) and Gazprom (Russia) could ignore the American sanction, so could Indian companies.[19]

As a study prepared by the CRS admitted, between February 1999 and February 2004 as much as US\$11.5 billion was invested in the Iranian oil industry and the United States could not prevent its closer allies like Japan to stay away from investing in the energy sector in Iran.^[20] Both in private and in public American officials however, have highlighted the American sanctions regime against Iran. India is a late-entrant as an American friend and hence when it comes to Iran related sanctions it could face different and harsher treatment.

Even if it could withstand the economic pressure, the political ramification of Iran-centric sanctions would be severe. Such a move would signal an end of the phase that began at the end of the Cold War. Significant improvement in India's diplomatic fortunes in the past decade was not only due to its growing economy but also due to its increasing friendship with Washington. Hence, India would have to consider the larger political cost of ILSA and other Iran-specific legislations.

Thus, as long as the United States and Iran do not resolve their problems and return to a normal diplomatic discourse, India's ability to enhance its bilateral relations with the United States would be affected by its policy towards Iran.

Energy Security

The economic growth in India since the early 1990s was accompanied by a corresponding increase in energy consumption. There is a widespread expectations that within the next couple of decades India could emerge as the fourth largest global economy after the United States, China and Japan. The economic growth and demand are accompanied by a significant drop in domestic production and energy self-sufficiency. The domestic supply of crude oil has come down from two-thirds in the 1980s to a third. There is a general consensus that by 2030 import dependency would be close to 90 percent.^[21]

Like many other countries, India began seeking long-term arrangement towards ensuring its energy security. Through a combination of long-term supply arrangements and acquisition of energy assets abroad, it seeks to ensure assured flow of hydrocarbon resources. Like China, the other energy guzzling economy, it also looks to Iran as a possible long-term supplier.^[22]

India's energy activities in Iran include long-term LNG contract, natural gas through pipelines and energy exploration by state-owned Indian companies. All the three options are entangled in political controversies or price disputes. If the United States is responsible for the former, Iran has been haggling over price and went back on its earlier commitments on the LNG deal. If the pipeline option generated security concerns as it would transit passing through Pakistani territory, the LNG deal also involves technological impediments.^[23]

As a result, Iran compares less favorably when one looks at India's energy-related activities in other parts of the world. It has long-term LNG agreement with Qatar, substantial investments in Sudan and Sakhalin in Russia, and is exploring oil and gas reserves in countries such as Egypt, Syria and Vietnam. Even when China eventually managed to secure the supplies, Indian companies are actively exploring the gas reserves in Myanmar. None of them generate bilateral political controversies the Indian involvement in Iran attracts widespread negative publicity.

Though one could not ignore the American pressure and Iranian disappointment over the Indian stand at the IAEA, portion of the blame rests on the shoulders of Tehran. India's energy security concerns are turned upside down by Iran. Far from ensuring hassle-free supplies, its dealings with Iran have created more problems and headaches. While it is natural for countries to maximize their gain, by going back on its earlier commitments over price, Iran has raised doubts about it being a reliable supplier. If one goes by the recent European experience vis-à-vis Russia, far from ensuring energy security, the pipeline option would make India a hostage to Iranian

whims and fancies. In the past India was concerned over Pakistan impeding energy supplies but of late Iran itself is emerging as a strategic concern.

Despite all these difficulties, Iran still remains important to India because it is the one of the very few countries which is endowed with large quantities of oil and natural gas. Geographic proximity also makes Iran an attractive preposition. This is not something any Indian government could ignore, especially when the demand for energy is galloping. This became apparent when India agreed to the Iranian request for a stop over halt in New Delhi during President Ahmadinejad's visit to Sri Lanka in April 2008.

Domestic Pressures

Debates over Iran have underscored tensions within the ruling Indian coalition. The Left parties whose support is vital for the survival of the government headed by Prime Minister Manmohan Singh view Iran as the new rallying point in their campaign against the United States. Despite the abandonment of Iran by countries like China and its growing isolation at the Security Council, these parties are committed to supporting Tehran. For them New Delhi should stand shoulder to shoulder with Iran on the nuclear and energy security issues. They viewed the Indian votes at the IAEA as 'betrayal' to placate the United States. Some even accused the government of becoming a 'camp-follower' or 'surrogate' of Washington.^[24] The vote on Iran has become a lightening rod for the critics of the government. Foreign Minister Natwar Singh, for example, was one of the key players in the first IAEA vote but when he fell out of favor with the Congress party, he sang a different tune arguing India should side with Iran over the nuclear issue.

A far more serious challenge comes in the form of domestic Muslim opinion. For long this shaped India's Middle East policy and the prolonged absence of diplomatic relations with Israel. In recent years, anti-American sentiments within the country are partially influenced by the Muslim factor. Unpopular American policies in the Middle East especially vis-à-vis the Arab-Israeli conflict and invasion of Iraq resulted in sizable Muslim opposition to the United States. Indeed, it not an accident that not a single important Muslim leader has publicly supported the Indo-U.S. nuclear deal.^[25] If the Left parties provided the ideological platform, the Muslim organizations provided the foot-soldiers. This combination came out vividly during demonstrations protesting against the President Bush's state visit in February 2006.^[26]

The domestic factor came into prominence, during the run up to the Iran vote at the IAEA. In an unusual candidness Prime Minister Singh reminded the American public that India has the second largest Shia population in the world after Iran and hence this would play in role in India's stand vis-à-vis Iran.^[27] The Shia factor was also articulated by the pro-Iran segment of the opposition. Some of the largest rallies protesting against the government's stand on Iran were held in the city of Lucknow, a prominent Shia cultural centre in India. At a rally held in November 2005 the Left parties and its allies threatened that they had enough support in the *Lok Sabha* (Lower House of the Indian parliament) to force the government 'see reason' and change its stand.^[28]

Partly to counter this campaign in April 2006 Prime Minister held a high-profiled meeting with Muslim leaders to explain the official stand.^[29] Moreover though voting against Iran on the nuclear issue, the government had avoided making any statements critical of Iran. When President Ahmadinejad called for the destruction of Israel, for example, Foreign Minister Natwar Singh was content it stating that India had recognized Israel "decades ago."^[30]

The whole national debate surrounding Iran has been conducted in a highly charged atmosphere. The Left parties and their supporters perceive Iran as the new regional power which could stand up to the American hegemony and domination in the Middle East. In the past they had sided with Saddam Hussein with the hope that the secular Arab leader could follow the footsteps of Nasser

in leading the anti-imperialist struggle. Such hopes were buried in the sands of Arabia following the Iraqi invasion of Kuwait and subsequent military campaign led by the United States. Iran has now emerged as the new battle cry for the communists to regroup and rally around the demand for an 'independent' foreign policy.

Due this partisan nature of the domestic debate, issues such as Iranian isolation and haggling over price have been conveniently ignored by powerful sections of the Indian media. Iran lacking LNG technology, for example, is not widely known. Apprehensions of Iran's Arab neighbors do not receive adequate attention in public discourse. Above all, even the security establishment carefully avoids discussing the progresses made by Iran in the development of missiles capable of reaching some of India's vital strategic targets.

Conclusion

The historic U.S.-Iran tension and animosity thus, never became an integral part of India's Iran policy. As a result, both on the nuclear controversy and energy security, New Delhi was unable to read the complexities and non-parallel interests. It sought energy security with Iran without factoring in price difficulties or pressures from the United States. Likewise it evolved a policy on the nuclear issue without recognizing the sentiments of the coalition partner. Not to be left behind, those who adopt pro-Iranian postures within the country are unable to read the growing Iranian isolation and doubts over its reliability. Its policy on Iran has thus emerged as a severe challenge in the making of India's foreign policy.

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6. Kenneth Katzman, "The Iran-Libya Sanctions Act (ILSA)," CRS Report for Congress, October 11, 2006.
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8. Media reports suggested that India was surprised by the suggestion made during the visit of Foreign Minister Pranab Kumar Mukherjee to Tehran. Siddarth Varadarajan, "'Peace pipeline', Iran for tripartite summit," *The Hindu*, February 8, 2007.
9. The situation is further compounded by the U.S. military presence in Afghanistan and in the Persian Gulf.
10. Indeed Iranian missile programs and their ramifications for Indian security do not figure in the public discourses.
11. For the text of United Nations Resolution 1737 adopted on December 23, 2006, see: <http://www.un.org/News/Press/docs/2006/sc8928.doc.htm>
12. For the text of United Nations Resolution 1747 adopted on March 24, 2007, see: <http://www.un.org/News/Press/docs/2007/sc8980.doc.htm>.
13. For the text of United Nations Resolution 1803 adopted on March 3, 2008, see: <http://www.un.org/News/Press/docs/2008/sc9268.doc.htm>.
14. "India imposes ban on nuclear trade with Iran," *The Hindu*, February 22, 2007.
15. On September 23, Petroleum Minister Murali Deora continued with his pre-scheduled visit to Yangon and a few days later Culture Minister Ambika Soni represented India at the funeral of Prime Minister Soe Win.
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24. The title of the book by Communist Leader Prakash Karat sums up the situation better: *Subordinate Ally: The Nuclear Deal and Indo-U.S. Strategic Relations* (New Delhi: LeftWord Books, 2007).

25. Personal conversation with a well-informed observer who closely follows the strategic debates in India, New Delhi, April 25, 2007. A. P. J. Abdul Kalam who served as Indian President during 2002-07 is the sole exception. But most Indians including a large segment of the Muslim community do not view him as a typical Muslim leader. Even after leaving office he continues to be seen primarily as a scientist who accidentally became President due to vagaries of the Indian political system.

26. The same was true when Israeli Prime Minister Ariel Sharon visited India in September 2003.

27. Press Conference of Prime Minister Dr. Manmohan Singh, New York, September 16, 2005, Ministry of External Affairs, New Delhi.

28. Ananda Majumdar, "Left, SP use Iran to warn UPA: We are over 100 MPs, you better change Vienna vote," *Indian Express*, November 14, 2005.

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